



Ag Commodity Export Enhancement Program

The Ag Commodity Export Enhancement Program provides North Dakota ag commodity exporters a tool to help facilitate export sales to foreign buyers. Bank of North Dakota (BND) works with the Export-Import Bank (Ex-Im) to provide insurance coverage of not less than 90 percent on bulk commodity sales as well as processed ag product transactions.

Eligibility:

- Bulk ag commodities and food-grade, value-added ag products are allowed
- Ex-Im Bank determines eligibility for insurance coverage based on two factors
 - Financial strength of the foreign buyer
 - Financial and political stability of the country where the buyer is located
- The program insures either the ag commodity exporter or BND against the non-payment risks of the foreign buyer, depending upon needs

Applicant: North Dakota ag commodity exporter

Lead lender: The North Dakota exporter wishing to participate in this program should first contact their North Dakota lender. The ND lender will contact BND and advise if they wish to participate in the loan or prefer BND to proceed without participation.

Loan amount: The minimum transaction is \$200,000.

Use of loan proceeds: The loan proceeds are paid directly to the North Dakota exporter after the ag commodities are shipped. The loan will either directly finance the foreign buyer's purchase of the commodities, or the North Dakota exporter's insured receivable resulting from the sale of the commodities.

Interest rate: Interest rate is typically a floating rate based on a fixed spread over a variable rate index determined by BND's Investment Committee.

Fees: The borrower is responsible to pay:

- A facility fee for administrative costs associated with quoting the loan, gathering the information and making a preliminary determination on whether the borrower may qualify to BND
- Trade broker fees. Because of the complex nature of these transactions, BND will engage an experienced trade broker throughout the process.
- A policy premium to Ex-Im Bank. Policy premium is contingent upon the loan closing and may be eligible to be financed as part of the loan.

Repayment terms: The term of the credit facility is a maximum of one year. The underlying eligible receivables to be financed are limited to a maximum of 180 days.

For more information, contact James Leier at jleier@nd.gov or 701.328.5802.

See attachment "Ag Commodity Export Enhancement Program Process"

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